stand. com. rep. no. **3251**

Honolulu, Hawaii

APR 0 3 2014

RE: H.B. No. 2371

H.D. 1 S.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2371, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to reduce the tax burden on the lowest income residents of the State.

More specifically, this measure:

- (1) Amends the amount and threshold of the refundable food/excise tax credit;
- (2) Amends the amount and threshold of the income tax credit for low-income household renters;
- (3) Establishes a low-income tax credit to eliminate or reduce the state income tax liability of taxpayers who meet certain income requirements; and
- (4) Establishes a state earned income tax credit.

Your Committee received testimony in support of this measure from Aloha United Way, Catholic Charities Hawaii, Goodwill Industries of Hawaii, Inc., Hawaii Alliance for Community-Based Economic Development, Hawaii Appleseed Center for Law and Economic Justice, Hawaii State Democratic Women's Caucus, ILWU Local 142,

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League of Women Voters of Hawaii, Partners in Care, PHOCUSED, and four individuals. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that, among states that impose an income tax, the income threshold at which a Hawaii resident becomes subject to the state income tax is one of the lowest in the nation. Your Committee also finds that this measure will provide tax relief to low-income taxpayers by amending existing tax credits and establishing new tax credits to reduce their tax burden.

Your Committee has amended this measure by:

- (1) Changing all tax credit and threshold amounts to unspecified amounts; and
- (2) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2371, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2371, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

DAVID Y IGE Chair

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The Senate Twenty-Seventh Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee	Referral:	Dat	e:	
HB 2371, HD1 W/		łΜ −		3-28-14	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)		/			
KIDANI, Michelle N. (VC)					
CHUN OAKLAND, Suzanne					
DELA CRUZ, Donovan M.					
ENGLISH, J. Kalani		~			
ESPERO, Will		/			
KAHELE, Gilbert		\			
KEITH-AGARAN, Gilbert S.C.		<i>y</i>			
KOUCHI, Ronald D.		\		,	
RUDERMAN, Russell E.		✓			
THIELEN, Laura H.					
TOKUDA, Jill N.		V			
SLOM, Sam					
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Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature: Nululle O Sidani					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes